



General Assembly

Substitute Bill No. 5270

February Session, 2010

* ____HB05270BA____031710____ *

AN ACT CONCERNING FORECLOSURE MEDIATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 49-31l of the 2010 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (a) Prior to July 1, 2010: (1) Any action for the foreclosure of a
5 mortgage on residential real property with a return date during the
6 period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to
7 the provisions of subsection (b) of this section, and (2) any action for
8 the foreclosure of a mortgage on residential real property with a return
9 date during the period from July 1, 2009, to June 30, [2010] 2011,
10 inclusive, shall be subject to the provisions of subsection (c) of this
11 section.

12 (b) (1) Prior to July 1, 2010, when a mortgagee commences an action
13 for the foreclosure of a mortgage on residential real property with a
14 return date during the period from July 1, 2008, to June 30, 2009,
15 inclusive, the mortgagee shall give notice to the mortgagor of the
16 foreclosure mediation program established in section 49-31m by
17 attaching to the front of the foreclosure complaint that is served on the
18 mortgagor: (A) A copy of the notice of the availability of foreclosure
19 mediation, in such form as the Chief Court Administrator prescribes,
20 and (B) a foreclosure mediation request form, in such form as the Chief

21 Court Administrator prescribes.

22 (2) Except as provided in subdivision (3) of this subsection, a
23 mortgagor may request foreclosure mediation by submitting the
24 foreclosure mediation request form to the court and filing an
25 appearance not more than fifteen days after the return day for the
26 foreclosure action. Upon receipt of the foreclosure mediation request
27 form, the court shall notify each appearing party that a foreclosure
28 mediation request form has been submitted by the mortgagor.

29 (3) The court may grant a mortgagor permission to submit a
30 foreclosure mediation request form and file an appearance after the
31 fifteen-day period established in subdivision (2) of this subsection, for
32 good cause shown, except that no foreclosure mediation request form
33 may be submitted and no appearance may be filed more than twenty-
34 five days after the return date.

35 (4) No foreclosure mediation request form may be submitted to the
36 court on or after July 1, [2010] 2011.

37 (5) If at any time on or after July 1, 2008, but prior to July 1, [2010]
38 2011, the court determines that the notice requirement of subdivision
39 (1) of this subsection has not been met, the court may, upon its own
40 motion or upon the written motion of the mortgagor, issue an order
41 that no judgment may enter for fifteen days during which period the
42 mortgagor may submit a foreclosure mediation request form to the
43 court.

44 (6) Notwithstanding any provision of the general statutes or any
45 rule of law to the contrary, prior to July 1, [2010] 2011, no judgment of
46 strict foreclosure nor any judgment ordering a foreclosure sale shall be
47 entered in any action subject to the provisions of this subsection and
48 instituted by the mortgagee to foreclose a mortgage on residential real
49 property unless: (A) Notice to the mortgagor has been given by the
50 mortgagee in accordance with subdivision (1) of this subsection and
51 the time for submitting a foreclosure mediation request form has
52 expired and no foreclosure mediation request form has been

53 submitted, or if such notice has not been given, the time for submitting
54 a foreclosure mediation request form pursuant to subdivision (2) or (3)
55 of this subsection has expired and no foreclosure mediation request
56 form has been submitted, or (B) the mediation period set forth in
57 subdivision (b) of section 49-31n, as amended by this act, has expired
58 or has otherwise terminated, whichever is earlier.

59 (7) None of the mortgagor's or mortgagee's rights in the foreclosure
60 action shall be waived by the mortgagor's submission of a foreclosure
61 mediation request form to the court.

62 (c) (1) Prior to July 1, [2010] 2011, when a mortgagee commences an
63 action for the foreclosure of a mortgage on residential real property
64 with a return date on or after July 1, 2009, the mortgagee shall give
65 notice to the mortgagor of the foreclosure mediation program
66 established in section 49-31m by attaching to the front of the writ,
67 summons and complaint that is served on the mortgagor: (A) A copy
68 of the notice of foreclosure mediation, in such form as the Chief Court
69 Administrator prescribes, (B) a copy of the foreclosure mediation
70 certificate form described in subdivision (3) of this subsection, in such
71 form as the Chief Court Administrator prescribes, and (C) a blank
72 appearance form, in such form as the Chief Court Administrator
73 prescribes.

74 (2) The court shall issue a notice of foreclosure mediation described
75 in subdivision (3) of this subsection to the mortgagor not later than the
76 date three business days after the date the mortgagee returns the writ
77 to the court.

78 (3) The notice of foreclosure mediation shall instruct the mortgagor
79 to file the appearance and foreclosure mediation certificate forms with
80 the court no later than the date fifteen days from the return date for the
81 foreclosure action. The foreclosure mediation certificate form shall
82 require the mortgagor to provide sufficient information to permit the
83 court to confirm that the defendant in the foreclosure action is a
84 mortgagor, and to certify that said mortgagor has sent a copy of the

85 mediation certificate form to the plaintiff in the action.

86 (4) Upon receipt of the mortgagor's appearance and foreclosure
87 mediation certificate forms, and provided the court confirms the
88 defendant in the foreclosure action is a mortgagor and that said
89 mortgagor has sent a copy of the mediation certificate form to the
90 plaintiff, the court shall schedule a date for foreclosure mediation in
91 accordance with subsection (c) of section 49-31n, as amended by this
92 act. The court shall issue notice of such mediation date to all appearing
93 parties not earlier than the date five business days after the return date
94 or by the date three business days after the date on which the court
95 receives the mortgagor's appearance and foreclosure mediation forms,
96 whichever is later, except that if the court does not receive the
97 appearance and foreclosure mediation certificate forms from the
98 mortgagor by the date fifteen days after the return date for the
99 foreclosure action, the court shall not schedule such mediation.

100 (5) Notwithstanding the provisions of this subsection, the court may
101 refer a foreclosure action brought by a mortgagee to the foreclosure
102 mediation program at any time, provided the mortgagor has filed an
103 appearance in said action and further provided the court shall, not
104 later than the date three business days after the date on which it makes
105 such referral, send a notice to each appearing party scheduling the first
106 foreclosure mediation session for a date not later than the date fifteen
107 business days from the date of such referral.

108 (6) Notwithstanding any provision of the general statutes or any
109 rule of law, prior to July 1, [2010] 2011, no judgment of strict
110 foreclosure nor any judgment ordering a foreclosure sale shall be
111 entered in any action subject to the provisions of this subsection and
112 instituted by the mortgagee to foreclose a mortgage on residential real
113 property unless: (A) The mediation period set forth in [subdivision]
114 subsection (c) of section 49-31n, as amended by this act, has expired or
115 has otherwise terminated, whichever is earlier, or (B) the mediation
116 program is not otherwise required or available.

117 (7) None of the mortgagor's or mortgagee's rights in the foreclosure
118 action shall be waived by participation in the foreclosure mediation
119 program.

120 Sec. 2. Section 49-31n of the 2010 supplement to the general statutes
121 is repealed and the following is substituted in lieu thereof (*Effective*
122 *from passage*):

123 (a) Prior to July 1, 2010: (1) Any action for the foreclosure of a
124 mortgage on residential real property with a return date during the
125 period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to
126 the provisions of subsection (b) of this section, and (2) any action for
127 the foreclosure of a mortgage on residential real property with a return
128 date during the period from July 1, 2009, to June 30, [2010] 2011,
129 inclusive, shall be subject to the provisions of subsection (c) of this
130 section.

131 (b) (1) For any action for the foreclosure of a mortgage on residential
132 real property with a return date during the period from July 1, 2008, to
133 June 30, 2009, inclusive, the mediation period under the foreclosure
134 mediation program established in section 49-31m shall commence
135 when the court sends notice to each appearing party that a foreclosure
136 mediation request form has been submitted by a mortgagor to the
137 court, which notice shall be sent not later than three business days after
138 the court receives a completed foreclosure mediation request form. The
139 mediation period shall conclude not more than sixty days after the
140 return day for the foreclosure action, except that the court may, in its
141 discretion, for good cause shown, (A) extend, by not more than thirty
142 days, or shorten the mediation period on its own motion or upon
143 motion of any party, or (B) extend by not more than thirty days the
144 mediation period upon written request of the mediator.

145 (2) The first mediation session shall be held not later than fifteen
146 business days after the court sends notice to all parties that a
147 foreclosure mediation request form has been submitted to the court. If
148 any party is not ready to mediate, such party shall file a motion for

149 continuance or a motion for extension of the mediation period, or both,
150 with the foreclosure caseflow coordinator. In the event the mortgagee
151 is not ready to mediate, the court shall not award attorney's fees to the
152 mortgagee for the scheduled mediation session. For each mediation
153 session: (A) The mortgagor and mortgagee shall appear in person at
154 each mediation session and shall have authority to agree to a proposed
155 settlement, except that if the mortgagee is represented by counsel, the
156 mortgagee's counsel may appear in lieu of the mortgagee to represent
157 the mortgagee's interests at the mediation, provided such counsel has
158 the authority to agree to a proposed settlement and the mortgagee is
159 available [during] to participate in the mediation session by telephone,
160 [or electronic means.] The mortgagee or the mortgagee's counsel shall
161 bring to the mediation session (i) a certified copy of the original note
162 and mortgage, (ii) documentation of each negotiation and assignment
163 of such note and mortgage, (iii) a record of payment on the mortgage
164 loan, (iv) a complete itemization of all fees and costs, including
165 attorney's fees and any other charges, that must be paid in order to
166 reinstate the mortgage or satisfy the full obligations of the mortgage
167 loan, (v) an itemization of any overdue payments causing the
168 mortgage loan to be in default status, (vi) any agreement with an
169 investor or other party that affects mediation, including, but not
170 limited to, a pooling and servicing agreement, and (vii) any other
171 documentation required by the court. The mortgagee or the
172 mortgagee's counsel shall provide the mortgagor with the address,
173 telephone number and any other contact information for any person
174 who has authority to agree to a proposed settlement of the foreclosure
175 action, including, but not limited to, the mortgagee, the mortgagee's
176 agent and the mortgage servicer. The mortgagee, the mortgagee's
177 counsel or the mortgagee's agent shall verify the receipt of any
178 information requested from the mortgagor. The court shall not award
179 attorney's fees to any mortgagee for time spent in a mediation session
180 if the court finds that such mortgagee has failed to comply with this
181 subdivision, unless the court finds reasonable cause for such failure.
182 (B) Each party shall make a good-faith effort to mediate all issues
183 arising out of the foreclosure action. A good-faith effort includes, but is

184 not limited to, (i) procuring documents evidencing compliance with
185 governmental loan modification programs, (ii) providing written
186 reasons for denials of any loan modification applications, (iii)
187 disclosing the inputs for any formulas used to determine whether to
188 modify the mortgage loan, (iv) documenting any restrictions that
189 prevent modification of the mortgage loan, and (v) demonstrating
190 reasonable efforts on the part of the mortgagee or the mortgagee's
191 agent to obtain a waiver of such restrictions. If any party or attorney
192 for such party fails to attend a mediation session or to make a good-
193 faith effort to mediate, the court may sanction such party or such
194 party's attorney unless the court finds reasonable cause for such failure
195 to attend or to make a good-faith effort. Sanctions shall include, but
196 not be limited to, dismissing the foreclosure action, tolling interest
197 accrual on the mortgage loan, and forbidding the mortgagee from
198 charging the mortgagor for the mortgagee's attorney's fees.

199 (3) Not later than two days after the conclusion of the first
200 mediation session, the mediator shall determine whether the parties
201 will benefit from further mediation. The mediator shall file with the
202 court a report setting forth such determination and mail a copy of such
203 report to each appearing party. If the mediator reports to the court that
204 the parties will not benefit from further mediation, the mediation
205 period shall terminate automatically. If the mediator reports to the
206 court after the first mediation session that the parties may benefit from
207 further mediation, the mediation period shall continue.

208 (4) If the mediator has submitted a report to the court that the
209 parties may benefit from further mediation pursuant to subdivision (3)
210 of this subsection, not more than two days after the conclusion of the
211 mediation, but no later than the termination of the mediation period
212 set forth in subdivision (1) of this subsection, the mediator shall file a
213 report with the court describing the proceedings and specifying the
214 issues resolved, if any, and any issues not resolved pursuant to the
215 mediation. The filing of the report shall terminate the mediation period
216 automatically. If certain issues have not been resolved pursuant to the
217 mediation, the mediator may refer the mortgagor to any appropriate

218 community-based services that are available in the judicial district, but
219 any such referral shall not cause a delay in the mediation process.

220 (5) The Chief Court Administrator shall establish policies and
221 procedures to implement this subsection. Such policies and procedures
222 shall, at a minimum, provide that the mediator shall advise the
223 mortgagor at the first mediation session required by subdivision (2) of
224 this subsection that: (A) Such mediation does not suspend the
225 mortgagor's obligation to respond to the foreclosure action; and (B) a
226 judgment of strict foreclosure or foreclosure by sale may cause the
227 mortgagor to lose the residential real property to foreclosure.

228 (6) In no event shall any determination issued by a mediator under
229 this program form the basis of an appeal of any foreclosure judgment.

230 (7) Foreclosure mediation request forms shall not be accepted by the
231 court on or after July 1, [2010] 2011, and the foreclosure mediation
232 program shall terminate when all mediation has concluded with
233 respect to any applications submitted to the court prior to July 1, [2010]
234 2011.

235 (8) At any time during the mediation period, the mediator may refer
236 the mortgagor to the mortgage assistance programs, except that any
237 such referral shall not prevent a mortgagee from proceeding to
238 judgment when the conditions specified in subdivision (6) of
239 subsection (b) of section 49-31l, as amended by this act, have been
240 satisfied.

241 (9) Any foreclosure action that has been reported as settled shall be
242 withdrawn not later than one hundred twenty days following the
243 settlement date. If a settled foreclosure action is not withdrawn in
244 accordance with the provision of this subdivision, the action shall be
245 dismissed unless the court, upon a showing of good cause, extends the
246 time for withdrawal.

247 (c) (1) For any action for the foreclosure of a mortgage on residential
248 real property with a return date during the period from July 1, 2009, to

249 June 30, [2010] 2011, inclusive, the mediation period under the
250 foreclosure mediation program established in section 49-31m shall
251 commence when the court sends notice to each appearing party
252 scheduling the first foreclosure mediation session. The mediation
253 period shall conclude not later than the date sixty days after the return
254 date for the foreclosure action, except that the court may, in its
255 discretion, for good cause shown, (A) extend, by not more than thirty
256 days, or shorten the mediation period on its own motion or upon
257 motion of any party, or (B) extend by not more than thirty days the
258 mediation period upon written request of the mediator.

259 (2) The first mediation session shall be held not later than fifteen
260 business days after the court sends notice to each appearing party in
261 accordance with subdivision (4) of subsection (c) of section 49-31l, as
262 amended by this act. If any party is not ready to mediate, such party
263 shall file a motion for continuance or a motion for extension of the
264 mediation period, or both, with the foreclosure caseflow coordinator.
265 In the event the mortgagee is not ready to mediate, the court shall not
266 award attorney's fees to the mortgagee for the scheduled mediation
267 session. For each mediation session: (A) The mortgagor and mortgagee
268 shall appear in person at each mediation session and shall have
269 authority to agree to a proposed settlement, except that if the
270 mortgagee is represented by counsel, the mortgagee's counsel may
271 appear in lieu of the mortgagee to represent the mortgagee's interests
272 at the mediation, provided such counsel has the authority to agree to a
273 proposed settlement and the mortgagee is available [during] to
274 participate in the mediation session by telephone. [or electronic
275 means.] The mortgagee or the mortgagee's counsel shall bring to the
276 mediation session (i) a certified copy of the original note and
277 mortgage, (ii) documentation of each negotiation and assignment of
278 such note and mortgage, (iii) a record of payment on the mortgage
279 loan, (iv) a complete itemization of all fees and costs, including
280 attorney's fees and any other charges, that must be paid in order to
281 reinstate the mortgage or satisfy the full obligations of the mortgage
282 loan, (v) an itemization of any overdue payments causing the

283 mortgage loan to be in default status, (vi) any agreement with an
284 investor or other party that affects mediation, including, but not
285 limited to, a pooling and servicing agreement, and (vii) any other
286 documentation required by the court. The mortgagee or the
287 mortgagee's counsel shall provide the mortgagor with the address,
288 telephone number and any other contact information for any person
289 who has authority to agree to a proposed settlement of the foreclosure
290 action, including, but not limited to, the mortgagee, the mortgagee's
291 agent and the mortgage servicer. The mortgagee, the mortgagee's
292 counsel or the mortgagee's agent shall verify the receipt of any
293 information requested from the mortgagor. The court shall not award
294 attorney's fees to any mortgagee for time spent in a mediation session
295 if the court finds that such mortgagee has failed to comply with this
296 subdivision, unless the court finds reasonable cause for such failure.
297 (B) Each party shall make a good-faith effort to mediate all issues
298 arising out of the foreclosure action. A good-faith effort includes, but is
299 not limited to, (i) procuring documents evidencing compliance with
300 governmental loan modification programs, (ii) providing written
301 reasons for denials of any loan modification applications, (iii)
302 disclosing the inputs for any formulas used to determine whether to
303 modify the mortgage loan, (iv) documenting any restrictions that
304 prevent modification of the mortgage loan, and (v) demonstrating
305 reasonable efforts on the part of the mortgagee or the mortgagee's
306 agent to obtain a waiver of such restrictions. If any party or attorney
307 for such party fails to attend a mediation session or to make a good-
308 faith effort to mediate, the court may sanction such party or such
309 party's attorney unless the court finds reasonable cause for such failure
310 to attend or to make a good-faith effort. Sanctions shall include, but
311 not be limited to, dismissing the foreclosure action, tolling interest
312 accrual on the mortgage loan, and forbidding the mortgagee from
313 charging the mortgagor for the mortgagee's attorney's fees.

314 (3) Not later than two days after the conclusion of the first
315 mediation session, the mediator shall determine whether the parties
316 will benefit from further mediation. The mediator shall file with the

317 court a report setting forth such determination and mail a copy of such
318 report to each appearing party. If the mediator reports to the court that
319 the parties will not benefit from further mediation, the mediation
320 period shall terminate automatically. If the mediator reports to the
321 court after the first mediation session that the parties may benefit from
322 further mediation, the mediation period shall continue.

323 (4) If the mediator has submitted a report to the court that the
324 parties may benefit from further mediation pursuant to subdivision (3)
325 of this subsection, not more than two days after the conclusion of the
326 mediation, but no later than the termination of the mediation period
327 set forth in subdivision (1) of this subsection, the mediator shall file a
328 report with the court describing the proceedings and specifying the
329 issues resolved, if any, and any issues not resolved pursuant to the
330 mediation. The filing of the report shall terminate the mediation period
331 automatically. If certain issues have not been resolved pursuant to the
332 mediation, the mediator may refer the mortgagor to any appropriate
333 community-based services that are available in the judicial district, but
334 any such referral shall not cause a delay in the mediation process.

335 (5) The Chief Court Administrator shall establish policies and
336 procedures to implement this subsection. Such policies and procedures
337 shall, at a minimum, provide that the mediator shall advise the
338 mortgagor at the first mediation session required by subdivision (2) of
339 this subsection that: (A) Such mediation does not suspend the
340 mortgagor's obligation to respond to the foreclosure action; and (B) a
341 judgment of strict foreclosure or foreclosure by sale may cause the
342 mortgagor to lose the residential real property to foreclosure.

343 (6) In no event shall any determination issued by a mediator under
344 this program form the basis of an appeal of any foreclosure judgment.

345 (7) The foreclosure mediation program shall terminate when all
346 mediation has concluded with respect to any foreclosure action with a
347 return date during the period from July 1, 2009, to June 30, [2010] 2011,
348 inclusive.

349 (8) At any time during the mediation period, the mediator may refer
350 the mortgagor to the mortgage assistance programs, except that any
351 such referral shall not prevent a mortgagee from proceeding to
352 judgment when the conditions specified in subdivision (6) of
353 subsection (c) of section 49-31l, as amended by this act, have been
354 satisfied.

355 (9) Any foreclosure action that has been reported as settled shall be
356 withdrawn not later than one hundred twenty days following the
357 settlement date. If a settled foreclosure action is not withdrawn in
358 accordance with the provision of this subdivision, the action shall be
359 dismissed unless the court, upon a showing of good cause, extends the
360 time for withdrawal.

361 Sec. 3. Section 47a-20e of the general statutes is repealed and the
362 following is substituted in lieu thereof (*Effective October 1, 2010*):

363 (a) For purposes of this section:

364 (1) "Bona fide tenant" means a tenant who (A) is not the mortgagor
365 or [owner of the property] the child, spouse or parent of the
366 mortgagor, and (B) entered into the rental agreement in an arms-length
367 transaction; and

368 (2) "Premises", "rental agreement" and "tenant" have the same
369 meanings as provided in section 47a-1.

370 (b) Whenever a mortgage or lien of residential real property has
371 been foreclosed and there is a bona fide tenant in possession on the
372 date absolute title to the property vests in the mortgagee, lienholder or
373 other successor in interest, such interest shall be assumed subject to the
374 rights of any bona fide tenant in accordance with the provisions of this
375 subsection, and any execution of ejectment issued pursuant to section
376 49-22 against such tenant shall be stayed and no summary process
377 action pursuant to chapter 832 or other action to dispossess such tenant
378 shall be commenced until the later of (1) [in the case of a written rental
379 agreement entered into more than sixty days before the

380 commencement of the foreclosure action,] the expiration date
 381 contained in [such] any rental agreement entered into before the date
 382 absolute title vests in the mortgagee, lienholder or other successor in
 383 interest, or (2) [sixty] ninety days after the date absolute title vests in
 384 the mortgagee, lienholder or other successor in interest. [, whichever
 385 occurs first, or (2) in the case of a rental agreement other than one
 386 described in subdivision (1) of this subsection, thirty days after the
 387 date absolute title vests in the mortgagee, lienholder or successor in
 388 interest, except that] The mortgagee, lienholder or other successor in
 389 interest shall provide a notice to vacate to any such tenant at least
 390 ninety days prior to the effective date of such notice. Notwithstanding
 391 the provisions of this section, a summary process action or other action
 392 to dispossess such tenant may be commenced prior to such date for a
 393 reason set forth in section 47a-23 or 47a-31 other than for the reason
 394 that the tenant's rental agreement has terminated by lapse of time or
 395 that the tenant no longer has the right or privilege to occupy the
 396 premises as a result of such judgment of foreclosure. Nothing in this
 397 section shall reduce the rights of tenants otherwise protected against
 398 dispossession by sections 21-80 and 47a-23c or any other provision of
 399 law.

400 Sec. 4. Section 47a-20f of the general statutes is repealed and the
 401 following is substituted in lieu thereof (*Effective October 1, 2010*):

402 Upon the foreclosure of a mortgage or lien of residential real
 403 property, any money or other valuable consideration offered by a
 404 mortgagee, lienholder or other successor in interest to a tenant in
 405 possession as an incentive to vacate the premises shall [(1) if there is
 406 evidence of the amount or value of the security deposit paid by the
 407 tenant,] be at least equal in amount or value to the greater of (1) the
 408 security deposit and interest that would be due such tenant pursuant
 409 to chapter 831 upon the termination of the tenancy [and be in addition
 410 to] plus any such security deposit and interest, [or] (2) [if there is no
 411 evidence of the amount or value of the security deposit paid by the
 412 tenant or no security deposit was paid by the tenant, be in the amount
 413 of] two months' rent, or (3) two thousand dollars. [, whichever is

414 greater.] No mortgagee, lienholder or other successor in interest may
415 require a tenant in possession, as a condition of the receipt of such
416 money or other valuable consideration, to waive or forfeit any rights or
417 remedies such tenant may have under law against such mortgagee,
418 lienholder or successor in interest other than the right to bring an
419 action to reclaim the security deposit and interest that would be due
420 such tenant.

421 Sec. 5. Section 49-24 of the general statutes is repealed and the
422 following is substituted in lieu thereof (*Effective October 1, 2010*):

423 All liens and mortgages affecting real property may, on the written
424 motion of any party to any suit relating thereto, be foreclosed by a
425 decree of sale instead of a strict foreclosure at the discretion of the
426 court before which the foreclosure proceedings are pending or, if the
427 property affected is real property containing any building or structure
428 occupied or intended to be occupied by no more than four families, by
429 a decree of sale in accordance with this section or a decree of market
430 sale in accordance with section 6 of this act and section 49-26, as
431 amended by this act.

432 Sec. 6. (NEW) (*Effective October 1, 2010*) (a) Any party to a
433 foreclosure action may file a motion for a foreclosure by market sale
434 that shall include such party's proposed plan to market the property.
435 The court, if it approves the marketing plan, shall grant such motion
436 and issue a decree setting a deadline, not earlier than one hundred
437 twenty days after the granting of such motion, for the acceptance of
438 any offers to purchase the property being foreclosed. A proposed
439 marketing plan may include listing the property for sale with a person
440 or persons licensed under chapter 392 of the general statutes and may
441 list the proposed compensation to be paid to such person or persons.
442 Such plan shall describe the advertising of the property to be
443 performed and the proposed cost of such advertising. The moving
444 party shall notify the court of any offers to purchase the property upon
445 the party's receipt of such offers.

446 (b) Any offers to purchase made pursuant to this section shall be
447 subject to approval by the court. After a hearing to review such offers,
448 the court shall determine whether it is in the best interests of the
449 parties to the foreclosure action to approve any such offer of purchase.
450 The court may not reject an offer solely on the basis that the offer
451 contains contingencies for mortgage financing or a building inspection
452 or other physical inspections of the property, but in the event of
453 multiple competing offers, may consider the absence of contingencies
454 in deciding which, if any, of the offers is in the best interests of the
455 parties. The court may extend, upon a showing of good cause, the
456 deadline for the receipt of an offer set in accordance with subsection (a)
457 of this section. Good cause includes, but is not limited to, allowing
458 reasonable time to meet any contingencies set forth in an offer.

459 (c) If no offers are received by the deadline date set in accordance
460 with subsection (a) of this section or no offers received by such date are
461 approved by the court, the court may either extend the deadline or
462 issue a decree of sale in accordance with section 49-24 of the general
463 statutes, as amended by this act, or a decree of strict foreclosure.

464 (d) If the court approves an offer made in accordance with this
465 section, it shall issue a decree assigning a sale date, not earlier than
466 sixty days from the date of such decree, by which the sale must occur.
467 The court may extend such date upon a showing of good cause, as
468 described in subsection (b) of this section. The court shall determine
469 and approve the payment of (1) conveyance taxes, (2) encumbrances
470 that have priority over the interests to be foreclosed, (3) marketing
471 expenses, including compensation paid to persons licensed under
472 chapter 392 of the general statutes, (4) recording fees, and (5)
473 reasonable attorney's fees for the attorney representing the seller at the
474 closing of the sale to be paid on the closing date.

475 Sec. 7. Section 49-26 of the general statutes is repealed and the
476 following is substituted in lieu thereof (*Effective October 1, 2010*):

477 When a sale has been made pursuant to a judgment therefor and

ratified by the court, a conveyance of the property sold shall be executed by the person appointed to make the sale or, in the case of a foreclosure by market sale in accordance with section 6 of this act, a conveyance of the property sold shall be executed by the mortgagors, which conveyance shall vest in the purchaser the same estate that would have vested in the mortgagee or lienholder if the mortgage or lien had been foreclosed by strict foreclosure, and to this extent such conveyance shall be valid against all parties to the cause and their privies, but against no other persons. The court, at the time of or after ratification of the sale, may order possession of the property sold to be delivered to the purchaser and may issue an execution of ejectment after the time for appeal of the ratification of the sale has expired.

Sec. 8. Section 49-27 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

The proceeds of each such sale, less the expenses of marketing and sale approved pursuant to section 6 of this act, shall be brought into court, there to be applied if the sale is ratified, in accordance with the provisions of a supplemental judgment then to be rendered in the cause, specifying the parties who are entitled to the same and the amount to which each is entitled. If any part of the debt or obligation secured by the mortgage or lien foreclosed or by any subsequent mortgage or lien was not payable at the date of the judgment of foreclosure, it shall nevertheless be paid as far as may be out of the proceeds of the sale as if due and payable, with rebate of interest where the debt was payable without interest, provided, if the plaintiff is the purchaser at any such sale, he shall be required to bring into court only so much of the proceeds as exceed the amount due upon his judgment debt, interest and costs.

Sec. 9. (*Effective from passage*) The sum of three hundred thousand dollars is appropriated to the Labor Department from the State Banking Fund, for the fiscal year ending June 30, 2010, for the mortgage crisis job training program established pursuant to section 31-3nn of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	49-31l
Sec. 2	<i>from passage</i>	49-31n
Sec. 3	<i>October 1, 2010</i>	47a-20e
Sec. 4	<i>October 1, 2010</i>	47a-20f
Sec. 5	<i>October 1, 2010</i>	49-24
Sec. 6	<i>October 1, 2010</i>	New section
Sec. 7	<i>October 1, 2010</i>	49-26
Sec. 8	<i>October 1, 2010</i>	49-27
Sec. 9	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In the fourth sentence of section 6(b), "such offers" was changed to "any such offer" for the purpose of clarity. In the second sentence of section 8, "six" was changed to "6" for conformity with the general statutes.

BA *Joint Favorable Subst.-LCO*